

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2013-2014

Finance Portfolio

Department/Agency: Department of Finance

Outcome/Program: 1/1.1

Topic: Rate of growth for unfunded liability

Senator: Bernardi

Question reference number: F13

Type of question: 'Hansard' F&PA Committee, Page 51, 19 November 2013

Date set by the committee for the return of answer: Friday 17 January 2014

Number of pages: 1

Question:

CHAIR: Just to make this crystal clear for me, is that unfunded liability continuing to grow?

Dr Helgeby: Yes, it is.

CHAIR: At what rate?

Dr Helgeby: I cannot give you an exact rate.

CHAIR: But is it to the tune of \$2 billion, \$10 billion, \$20 billion—maybe not \$20 billion, but how much per year? Even if you can round it to the nearest billion.

Dr Helgeby: I do not think I could give you a clear answer without taking it on notice. The number moves quite a bit. It is driven partly by claims experience, partly by longevity, partly by the earnings of members in the fund. Periodically it is reassessed by the actuaries in what we call the long-term cost report. There are about four or five things that drive the number. It is also driven by the fact that, while we have a number of closed schemes, we also have one open defined benefit scheme, which is the Military Superannuation and Benefits Scheme, the MSBS. I could not give you a pen picture of how much it is growing by but I will take the question on notice.

Answer:

The estimate of the growth in the superannuation liability over the forward estimates period, as calculated by the scheme actuaries for the 2013-14 Budget, is around \$5 billion per annum.